

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 14, 1996

SUBJECT: **SB 2685 - HB 2696**

This bill, if enacted, will allow a title pledge lender to retain the 2% per month interest charge as well as allow a service fee of 10% at the inception of the pledge agreement. The service fee could be charged once during any 12 month period except where the title pledge lender loaned additional money and then only to the extent of the additional loan. The annual percentage rate would vary depending on the length of the title pledge loan.

The bill provides that a violation of the Tennessee Title Pledge Act also constitutes a violation of the Tennessee Consumer Protection Act. Under the bill, an aggrieved pledger or the attorney general, at the request of the Tennessee Division of Consumer Affairs, could bring an action to enforce the Act.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures to the extent additional costs are incurred by the Attorney General's office, if complaints are pursued to litigation. However, such increase is estimated to be not significant.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James A. Davenport".

SB 2685 - HB 2696

James A. Davenport, Executive Director